

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-03 INR-11

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 7297

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UNCLAS BUENOS AIRES 5228

FOR COMMERCE FOR DAVID LU, MAJOR PROJECTS DIVISION

E.O. 11652: N/A

TAGS: BEXP, EFIN, AR

SUBJ: RIO GRANDE HYDROELECTRIC PROJECT

REF: BA 2979

1. COMATT AND ASST COMATT CALLED ON GOA SECRETARY OF ENERGY SBARRA ON MORNING OF JULY 16 AT REQUEST OF THE SECRETARY. SBARRA SOUGHT TO ASSURE EMBASSY THAT GOA HAD ENTIRELY OPEN MIND ON QUESTION OF AWARD OF EQUIPMENT FOR RIO GRANDE PROJECT. HE WENT AS FAR AS TO SAY THAT OTHER THINGS BEING EQUAL, THE GOA WOULD BE PLEASED TO SEE SPANISH/US CONSORTIUM WIN AWARD. HE ASSURED US THAT AWARD WOULD BE MADE ON "NON-DISCRIMINATORY" BASIS, STRICTLY ON MERITS OF OFFERS. SBARRA NOTED THAT HE HAD BEEN ASKED BY BOTH MIN OF ECON GELBARD AND SECRETARY OF PLANNING AND PROGRAMMING D'ADAMO TO CONVEY THIS INFORMATION TO EMBASSY.

2. SBARRA SAID REPORT OF AWARD COMMISSION HAD NOT YET REACHED HIM AND HE THEREFORE HAD NO INFORMATION TO OFFER ON US SUPPLIERS CHANCES IN THE CONTEST. HE NOTED HOWEVER THAT COMPETITION THE
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ITALISAN GROUP HEADED BY PANEDILE, HAD BEEN MOST ASSIDUOUS

IN FURNISHING SECRETARIAT OF ENERGY WITH DETAILED COMPARISON OF ECONOMIC AND FINANCIAL ASPECTS OF THE TWO OFFERS TO FACILITATE THEIR EVALUATION. SBARRA COMPLAINED THAT DRAGADOS/ALLIS CHALMERS (AC) GROUP HAD NOT FURNISHED COMPARABLE COMPARISON FROM THEIR POINT OF VIEW, BUT ONLY A BRIEF SUMMARY WITH FEW COMPARATIVE FIGURES. HE SAID IT WAS VERY IMPORTANT HIS STAFF RECEIVE A DETAILED COMPARISON AS SOON AS POSSIBLE.

3. EMBASSY UNDERSTANDS FROM AC AGENTS IN BUENOS AIRES THAT ALLIS CHALMERS PREVIOUSLY TURNED DOWN SUGGESTION BY ITS LOCAL REPRESENTATIVES THAT SUCH A STUDY BE PREPARED. IN VIEW OF SBARRA'S COMMENTS, WE RECOMMEND THAT COMMERCE URGE AC TO RECONSIDER ITS DECISION AND GIVE LOCAL AGENTS MAXIMUM COOPERATION IN PREPARING THIS DOCUMENTATION. TIME IS VERY SHORT SINCE AC GROUPS FINANCING OFFER EXPIRES 31 JULY. REQUEST MAJOR PROJECTS DIVISION COMMUNICATE THIS RECOMMENDATION TO MR. FRED SIEBENSOHN, MANAGER INTERNATIONAL SALES, HYDROTURBINE DIVISION, ALLIS CHALMERS, YORK, PA.

4. SECRETARIAT OF ENERGY IS DUE TO RECEIVE RECOMMENDATION OF AWARDS COMMISSION IN NEXT FEW DAYS. PRELIMINARY INDICATIONS RECEIVED BY EMBASSY ARE THAT COMMISSION'S RECOMMENDATION IS UNFAVORABLE TO US SUPPLIER. A WELL PREPARED COMPARATIVE STUDY SHOWING ADVANTAGES OF AC GROUPS OFFER MIGHT SERVE TO COUNTERACT THIS.
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